

1 IMPACT OF GST AMONG FMCG PRODUCTS IN SALEM DISTRICT –TAMIL 2 NADU

3 4 **Abstract**

5 A major change to India's tax system, the Goods and Services Tax (GST) was
6 implemented to simplify the tax code and do away with cascading levies. This study looks
7 into how the GST has affected fast-moving consumer goods (FMCG) in Tamil Nadu, Salem
8 District. The study focuses on the effects of GST on FMCG product price, sales volume,
9 consumer behavior, and market dynamics in general. The study intends to shed light on the
10 benefits and difficulties associated with the introduction of GST in Salem's FMCG industry
11 using a combination of qualitative and quantitative analyses. The results show a mixed effect,
12 with worries about price volatility and compliance coexisting with improvements in market
13 functioning.

14 **Key words:** GST, FMCG Products, Tax, Consumer decision.

15 **Introduction**

16 A major step toward a unified indirect tax system was taken with the implementation
17 of the GST in India on July 1, 2017. The goals of this revolutionary strategy are to improve
18 revenue collection, increase compliance, and remove several levels of taxation. FMCG
19 industries, which are essential to the Indian economy and represents consumer buying
20 patterns, is distinguished by its enormous volume and poor profits. It is essential to
21 comprehend the changes brought about by GST in Salem District, which is renowned for its
22 local brands and agricultural products. In order to shed light on how GST has changed the
23 market environment for both companies and consumers, this study intends to investigate the
24 effects of GST on FMCG products in Salem District.

25 **Objectives**

- 26 1. To analyze the impact of GST on the pricing of FMCG products in Salem District.
- 27 2. To evaluate consumer behavior and purchasing patterns concerning GST.
- 28 3. To identify the challenges faced by FMCG businesses in compliance with GST
29 regulations.

30 Statement of the Problem

31 The way that FMCG products are taxed and traded has changed significantly since the
32 implementation of the GST. Research on the precise impacts of GST in smaller districts like
33 Salem is, nevertheless, scarce. The purpose of this study is to fill in the knowledge gaps on
34 the impact of GST on sales, consumer behavior, and the operational difficulties faced by
35 FMCG companies in this area. The challenge is figuring out how much the GST has actually
36 affected the local FMCG market and whether it has helped or hurt consumer spending and
37 business expansion in Salem District.

38 Methodology

39 The study employs a mixed-methods approach, utilizing both qualitative and
40 quantitative research methods. A structured questionnaire was distributed among 75
41 consumers of FMCG retailers in Salem District to gather data on pricing, sales volume, and
42 consumer preferences before and after GST implementation. The collected data were
43 analyzed using statistical techniques like descriptive analysis to identify trends and patterns
44 associated with GST's impact.

47 Result Analysis

48 Thedemographicprofile analysiswascarriedout. Theresultstheanalyses aregivenbelow:

49 **Table1:**DemographicVariables of FastMovingConsumerGoodsConsumers
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S.No.	DemographicVariables	ClassificationOfVariables	No. OfRespondents	Percentage(%)
1	Age	Below25Years	18	24
		26-35Years	20	27
		36-45Years	25	33
		45-Years&Above	12	16
		TOTAL	75	100
2	Gender	Male	44	59
		Female	31	41
		TOTAL	75	100
3	MaritalStatus	Married	51	68
		Unmarried	24	32

		TOTAL	75	100
4	Educational Qualification	Illiterate	7	09
		SchoolLevel	14	19
		UGlevel	27	36
		PGlevel	19	25
		Professionals	8	11
		TOTAL	75	100
5	OccupationalStatus:	Student	5	7
		Self-employed	16	21
		Professional	13	18
		Housewife	14	19
		Business	10	10
		Governmentemployee	9	13
		Privateemployee	8	12
		TOTAL	75	100
6	MonthlyIncome:	LessthanRs.5,000	8	11
		Rs.5,001-10,000	17	23
		Rs.10,001-15,000	22	29
		Rs.15,001-20,000	18	24
		Above Rs.20,000	10	13
		TOTAL	75	100

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Table 2: Method of brand awareness and influence of Facial Cream Brands

Method of Awareness & Influence	No of Consumers	% of Respondents
Online shopping	24	32
Advertisement	21	28
Friends	12	16
Relatives	18	24
TOTAL	75	100

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Table 3: Factors influencing purchase of Facial Cream

Factors Influence	No of Consumers	% of Respondents
Price	26	35
Quality	21	28
Package	9	12
Purity	13	17
Availability	6	8
TOTAL	75	100

57 Inference

58 FMCG Products awareness on brands and were influenced by demographic factors were
59 with majority 36-45 years of age groups consumers, male with majority, married customers,
60 UG level with their education qualification, self-employed consumers, income between Rs.
61 10,001-15,000 for their family were awareness of facial cream brand was mainly through
62 Advertisement and influenced to purchase a branded facial cream based on price and quality.

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66 Conclusion

67 The FMCG industry in Salem District has seen substantial changes as a result of the
68 GST, with conflicting effects on pricing, sales volume, and customer behavior. Even while
69 there are clear advantages, such as more efficient tax collection and more market openness,
70 problems like customer confusion and compliance continue to exist. To overcome these
71 obstacles, the government and the FMCG sector must work together continuously.
72 Developing successful initiatives to improve the general health of the Salem District market
73 requires an understanding of the regional implications of GST on FMCG products.

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